

[Mr. A. Y. G. Campbell] [2nd November 1931]

arrived at any definite decision. At the same time, we shall consider the present economic situation in Malabar as elsewhere, and we will in particular consider the suggestion made by the hon. Mover that in view of the present economic situation we should, if we do decide to enhance the rates of land revenue, introduce the enhancement by increments as has been sanctioned in the case of Godavari and Kistna districts. I do not propose to deal in detail with the criticisms of hon. Members and answer them now, but I may say that we will give them very careful consideration."

* Mr. R. M. PALAT:—"Sir, there is just one point I wish to add to what I have already said, and that is, that the revenue rules lay down that second crop could be assessed only if the Government supplies the irrigation water for it. So far as Malabar is concerned, no irrigation water is supplied by the Government except in a very small part of the Palghat taluk, which is practically insignificant and not material to the present case; and again the improvements made by the ryot are assessed in Malabar. The revenue rules say that no improvements should be taxed, unless such improvements are made by the help of the Government. Now suppose single crop land is converted into double crop land, then unless this is due to help by the Government, double crop assessment should not be levied. But that is not what is done in Malabar and when the ryot converts the land without Government help into double crop land, it is assessed for double crop. These are also violations of the rules that I want to expose."

"As to the deputation we led to the hon. the Revenue Member, I may say the main question we were concerned with then was the tenancy question, as also the incidence of taxation and methods of collection; and whether taxation should in the first instance fall on the tenant or the janmi was also touched upon. A general memorandum on the subject is being prepared by the Janmi Association for presentation to Government. I press my resolution, Sir."

The resolution was put and carried.

(2) COMMITTEE TO ENQUIRE INTO MOTOR VEHICLES TAXATION

Mr. F. BIRLEY:—"Mr. President, I beg to move, under Standing Order 33, that items 2 to 15 on the Agenda paper be postponed and that item 16 be taken up immediately."

Mr. ABDUL HAMEED KHAN:—"I second it."

The motion was put and carried.

Mr. F. BIRLEY:—"Mr. President, Sir, I beg to move the resolution which stands in my name:—

'This Council recommends to the Government that a Committee be appointed to study the whole question of the taxation of motor vehicles in the Presidency, with special reference to—

(a) the incidence of the tax under the Madras Motor Vehicles Taxation Act, 1931;

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(b) *the licence fees levied by local boards and district municipalities;*

and further, that the Committee be instructed to submit its report before February the 1st, 1932.'

"Mr. President, Sir, I do not propose at this juncture to speak at any length on the subject of my resolution. But I know there are many other speakers who are anxious to speak on it. There has been sufficient evidence before this House of the unsatisfactory incidence of the taxes levied under the Madras Motor Vehicles Taxation Act, and the licence fees levied on motor vehicles by local boards and district municipalities in many instances are so heavy as to restrict the healthy growth of mechanical transport as a means of communication in this Presidency. With these few words, I beg to move my resolution."

MR. BASHEER AHMED SAYEED:—"Sir, I rise to second the motion moved by Mr. Birley. In doing so, I do not wish to take any length of time, but shall confine myself to one or two aspects of the resolution that has been moved. Left to myself I would add another clause (c), to include the incidence of tax under the Motor Vehicles Act itself; but now that has been under the present resolution ruled out. So I would only confine myself to the two aspects that have been specified in the resolution. The incidence of tax under the Motor Vehicles Taxation Act has been, to say the least, very heavy ever since the Act came into effect. At the time the legislation was being considered it was expected that this would not be a heavy burden on the owners of motor vehicles. It was the view of the then Secretary for Local Self-Government that this would be a great relief to at least one section of motor owners—namely the owners of private cars. Even the private owners to-day are groaning under the incidence of this new tax. The result, if a searching enquiry were made, would be very obvious, I hope, to the Minister, who has assured us this morning, that he will place before the House information that he is going to get from the various authorities and officers concerned with regard to the licence fee and the other particulars of this motor vehicles taxation. That I think will be done in due course. But before that, with a view to concentrate the attention of the Minister on the aspects on which we want an enquiry should be instituted, this resolution has been moved. It cannot be denied that hundreds of motor vehicles have been withdrawn from the road. The one reason is that the tax levied under the new Act has been heavy and unbearable. The poor owners of motor lorries and motor buses cannot bear the burden of paying this heavy tax, and that, in spite of the fact that the tax may be paid in four instalments. Formerly, before the tolls were abolished, the motor bus owner or the lorry owner used to pay one or two rupees at the toll gates from day to day out of his earnings and he did not feel any great difficulty then. He did not feel that the tolls were so exacting before as the tax under this Motor Vehicles Taxation Act. The idea then was,—I think many of my hon. Friends in the European group will concur with me—that a great impetus would be given by the passing of this Act to the speedy spread of mechanical

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transport throughout the length and breadth of the Presidency. But a short experience has shown that instead of there being further development in mechanical transport, there has been a great check. And if the taxation is to remain as it is to-day, I do not know what will happen to this public utility service and then it will be too late for anyone to rectify things, as they are going on at present.

“ Sir, it has become necessary on account of the experience within these two quarters of the working of this Act, that an early enquiry should be instituted as to where exactly the defect lies. The hon. Minister did not quite admit this morning that there was any defect in the provisions of the Act or the rules of the Act, although he promised that he would examine the question. But surely there must be some reason for the difficulty that has been felt by the owners of buses and lorries.

“ The other point that is raised in this resolution is the enormous licence fee that is levied by the district boards on these motor lorries and buses. The motor bus traffic has been very nearly killed on account of the exorbitant licence fee that has been levied by the district boards, ranging up to Rs. 3,000 in certain districts and not less than Rs. 500 in certain other districts. If you would consider the section of the Local Boards Act which enables the local boards to levy a licence fee, you will see that it does not contemplate the levy of any high fee as is done at present. And so, it is contended in some quarters that the licence fee is not to be a tax and that a tax of such an exacting nature. Licence fee as such, it has been ruled by a decision of the High Court, should be only such as to cover the necessary expense of exercising control over the trade. But under the Local Boards Act it looks as though this has been made a definite source of income to the local authorities. That, Sir, is very reprehensible. Whatever may be the scheme of the Act, it seems to require certain amendments in this direction and, this morning two Bills have been introduced to remedy that state of affairs. But so far as that is concerned, the Government ought to come to the relief of the motor bus owners and lorry owners and even the private car owners if you please. The licence fee has very nearly ruined many of those poor people who have been carrying on trade in conveyance by motor buses and consequently the inconvenience created to the passengers is incalculable. Many of the motor buses have been withdrawn from the road and the overcrowding in buses is very great and people have to wait for hours at bus stands for a seat in one of these buses. Now, Sir, instead of adding further to the conveniences of the public, who largely use these conveyances, the working of the new Act and of the section of the Local Boards Act is a great check on the facilities and convenience already enjoyed by the public. I therefore hope, Sir, that the Minister will agree to appoint a committee to study how exactly the Local Boards Act is working so far as the levy of licence fee is concerned and how the new Motor Vehicles Taxation Act is working so far as the incidence of tax is concerned. I do not think there will be any two opinions

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about the unsatisfactory working of these Acts. It is hoped that the resolution will be accepted and the Committee will be instructed, as provided in the resolution, to submit its report before 1st February 1932. I do not think the Minister will stand on any convention and say, 'I am doing it, so let us wait' or say, 'the officers have been asked to do this, so let us wait'. I have no doubt that the appointment of a Committee will strengthen the hands of the Minister and also of those people to whom he has delegated the function of working the Acts. The Committee is intended to help in finding out remedies to allay the great discontent that is prevailing amongst the public, particularly amongst those who are engaged in plying motor buses and lorries. I therefore have great pleasure in seconding this resolution."

* Mr. YAKUB HASAN:—"Mr. President, Sir, when we were passing this Bill in the month of March I made a remark that I did not see any reason for congratulating the Chief Minister in having piloted this Bill and having had it passed in this Council. I stressed that on the other hand I anticipated that this Act would prove very much injurious to the motor transport; and I find that within only seven months the injury that I had anticipated has actually taken place, and as was pointed out by other friends, many motor buses have been driven off the road on account of this heavy burden that they were called upon to bear. The Chief Minister said this morning that this Act itself is not so much responsible for it, but there are other causes, such as trade depression, which have operated also in bringing about this result. Sir, I am convinced that though trade depression must have played some part in this matter, still this Act itself is responsible to a large extent for this bad result. In my speech on the Bill, I had also referred to licence fees that are paid to the district boards which ranged from Rs. 1,000 to Rs. 2,800 a year, and the Bill did not make any change in that respect, nor were the district boards called upon to make any changes. Now, I find that what I had anticipated has come to pass, and this resolution lays down that an enquiry should be made in respect of the licence fees paid to the district boards. This Committee is very necessary and I hope the Chief Minister will not put any obstacle in the way of its being formed. For one thing, it will go into the question thoroughly and show, if any relief is necessary, in what way it can be given. Let it not be thought that because a notice of this resolution has been given by an European gentleman this matter has only to be dealt with from the point of view of the motor trade. I am not at all concerned with the people engaged in the motor trade who suffer on account of the sales of motor cars having been reduced. But what I am concerned with is that transport facilities have been interfered with.

"By doing away with the toll-gates we have provided some convenience to those travelling members of the public who use private motors in going about largely. But on the other hand we have seen that the revenue that was expected by this taxation has been considerably reduced. The reduction of the revenue is mainly due to the reduction in the number of motor cars, motor buses specially. So, I would

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beg of the hon. the Chief Minister to let this resolution be accepted and a committee be appointed which will go thoroughly into this question and make recommendations to this Council."

* Rao Sahib V. I. MUNISWAMI PILLAI.—“ Mr. President, Sir, when the Madras Motor Vehicles Taxation Act was passed, all the people dealing in motors and also the local bodies were under the impression that their affairs would go on well. Experience, however, has shown that it has not only injuriously affected those people who are dealing in motors, but also local boards, Sir, there are no standard rates prevailing in the district boards regarding the taxing of motor vehicles. This hits hard people who keep motor lorries and buses and hire out in the Nilgiris. People in the Nilgiris who have to go to Coimbatore for purposes of trade very often suffer greatly on account of this new taxation. They are obliged to pay tax not only to the Nilgiris District Board but also to the Coimbatore District Board. Again, Sir, great hardship is caused to people who hire out motor cars. This morning, in answer to a question the hon. the Chief Minister said that though the Government were not able to pay the anticipated amount to the local boards, he was doubtful whether they were hard hit. I know, Sir, that most of the district boards and municipalities have to recast their budgets, because they are not getting their due share from this source of income. For instance, in the Ootacamund Municipal Council, though the Registrar-General of Local Boards promised to give Rs. 3,000 after some consultation, he fixed only Rs. 2,000. This is much less than their due share. I fear that this would reflect on the condition of the roads in the municipalities. So, I would request the hon. Minister to very carefully consider this resolution for the appointment of a committee thoroughly to investigate the question and accept it.”

Mr. F. G. LUKER.—“ Mr. President, Sir, I need not speak at any length on this resolution because it seems to me that it would be obviously impossible for any hon. Member of this House to oppose the appointment of the committee contemplated by it. I believe, Sir, the difficulties to be faced are many. They are not entirely difficulties of the motor trade which has been referred to. They are not entirely the difficulties of motor transport owners or of users. The difficulties concern the people who ride in buses and who use trucks. The difficulties also concern the district boards. Therefore Sir, it seems to me, the appointment of such a committee is one of extreme urgency. The matter has to be thoroughly examined in the light of the Bill which was passed some months ago. I am glad, Sir, that the scope of the suggested committee is fairly wide and that the problem can be considered from all points of view.

“ I believe, Sir, the facts of the case, as far as the transport owners are concerned, are well known and it is not necessary at this stage to go into them at any length. I will therefore refrain from discussing the question that has been raised of licence fees. In conclusion I say that the matter is one of urgency not only for the trade but also for the district boards.”

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* **Mr. A. B. SHETTY**:—"Mr. President, Sir, when this Bill was introduced in the Council, Member after Member welcomed it (A voice: No). Many Members, at any rate, welcomed it as a very necessary measure which will help them in getting rid of the nuisance of toll-gates. And when the Bill was actually passed in the Council, several Members got up in their seats and congratulated the hon. Minister as well as his Secretary on having got through the Council such a piece of legislation. I ventured to differ, Sir, and said, 'the time has not come for us to congratulate the hon. Minister on this piece of legislation. We shall wait and see what the consequences are going to be. Let the hon. Minister take stock of the situation at the end of the year and find out what the effect of the Bill has been on motor transport and trade.' We find, Sir, to-day that people have come to realize that the fears entertained by some of us have come true to a large extent. The Government have not been able to realize the revenue they anticipated from this source. They have not been able to give back to the local bodies the income which they were getting from the toll-gate collections. And, be it noted this was a growing source of income to the district boards all over the Presidency. A great many motor buses, taxis and lorries have already been withdrawn from the road. I understand that, in my own district of South Kanara, about 30 per cent of the buses and taxis have gone off the road and that about 35 'G' permits have been recently suspended. People who have taken to motor transport business, the bus and taxi owners, are being ruined. I am told that the C.P.C. Company—the biggest bus company that we have, not only in South Kanara, but in the whole of Southern India—is losing about Rs. 2,500 every month and that two other bus companies in South Kanara are incurring a loss of Rs. 1,500 to Rs. 2,000 every month. Many of the bus service companies will very soon have to wind up their business and people will be deprived of the convenience afforded by the motor transport. Not only that, the trade and development of the country will also suffer a great deal. We must have, Sir, one consolidated tax and not a number of different taxes on these motor vehicles. We must standardize the licence fees which are now levied at various rates according to various systems. Some district boards charge at so much per mile while others charge at so much per seat. All these must be carefully considered before it is too late. I trust that the hon. Minister will see his way to accept this resolution for the appointment of a committee to consider this matter."

* **Mr. F. E. JAMES**:—"Sir, I wanted to draw the attention of the hon. Minister to the actual terms of the resolution. The resolution requests the Government to appoint a committee to study the whole question of motor vehicles taxation in this Presidency with particular reference to the incidence of taxation under the Madras Motor Vehicles Taxation Act. A word or two about that will explain why it has been made one of the terms of reference. In the first place it is suggested that some of the figures in regard to heavy lorries are far too high. In the second place, under the Act as it stands at present, the tax is leviable on all cars, lorries, buses, whether or not they use public roads. I will give instances to emphasize this point. Take the case,

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for example, of a large mill like the Buckingham and Carnatic Mills in the city or the Coimbatore Mills which employ lorries to take goods from one part of the mill to another inside the mill area. These lorries do not venture to travel on public roads. And yet, under the Act as it stands at present, they are subject to exactly the same incidence of tax as lorries which are using public roads. Another example, and a case in which I am particularly interested, is the case of lorries in the estates. Lorries are used in estates where there are no public roads. The only time they use public roads is when they are taken straight to the estate from the dealer. Thereafter they live on the estate, move about only on estate roads and do not use public roads. (Mr. Sami Venkatachalam Chetti: State roads?) Estate roads. These lorries are asked to pay exactly the same amount as lorries which use public roads. This is a question which needs examination.

“Then take the case of the private car owner under the Act. Supposing the owner of a private car goes away to England, say, for a Round Table Conference, and leaves his car for six months or probably two years—Round Table Conference might probably last as long!—during the whole of that period, though the car does not use public roads, he has to pay exactly the same amount of tax that is paid by the person who is always using the road unless of course he has taken the trouble to damage his car beforehand and hand it over to a repairer where it can stay all the time by paying repairing charges if necessary. These things I venture to say were not carefully considered at the time of the passing of the Act.

“There are other matters in connexion with the administration of the Act which I have not touched upon. The Government are at present complaining that they are only getting about 50 per cent of the revenue. I venture to suggest that one reason is this: In the method of collection of the tax great difficulty is occasioned. I have complaints from persons, both Indian and European, living in different parts of the mufassal, pointing out the extreme difficulty of paying their licence fees. They are driven from pillar to post, and in some cases it takes three or four hours to complete the transaction. It seems as though Government is reluctant to collect the tax—a most unusual state of mind for any Government! If the regulation for collection were altered in the direction of making it easier to obtain licences, I am sure Government will obtain a far larger revenue.

“The other part of the resolution deals with the licence fees levied by local boards and district municipalities. I want to say here very definitely that those of us who are concerned with this question are not in the least desirous either of putting any blame on the local boards or of injuring their ordinary revenues. What we say is this: when the present Act was passed, this question was not taken fully into consideration. In the second place, when this Act was passed, we did not foresee the tremendous economic slump that was coming. In the third place, we could not foresee the enhanced import duties upon motor vehicles and all accessories which came into being as a result of Government of India's Supplementary Budget. Therefore what we

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say now is, that both the motor buses and lorries are subject to taxation by the Provincial Government and the Central Government and the licence fees levied by district or the local boards. They cannot bear this. It is a matter for consideration as to whether the Bills which have to-day been introduced into the House restricting the levy of licence fees should be passed. On an examination of the figures which we have collected this House will find that it puts it beyond all shadow of doubt that as far as the buses and lorries are concerned, the position in many districts is very deplorable and it is quite impossible for many owners of buses and lorries to carry on their business under existing conditions. Therefore we suggest that this is a matter which needs the urgent consideration of this House. Of course we cannot consider it without collecting figures. But since we have collected the necessary figures, we suggest to the Government that they should appoint a Committee as requested by us in the resolution. No Member of the House has a right to oppose this resolution because 'we are all in the same boat.' The district board is losing its revenue; the Government are losing their revenues; the individual owners of cars and buses are penalized; and the public are losing those facilities of transport to which they are recently accustomed, and to which they have a right. When I mention that more than 700 buses have been withdrawn from public circulation in seventeen districts—we have not got figures for other districts—surely it points to the fact that the public are suffering individually because of the withdrawal of the means of transport.

"There is one more thing that I wish to touch upon before I resume my seat. I can quite understand the feelings of those who say. 'You are simply appointing another Committee and there are large number of Members who will have to be appointed as Members of that Committee and that means more expenditure on this account.' I may say at once that we do not specify any Member of this House should be on that Committee. I may say that this resolution is a conservative resolution, because it gives sole power to the Government to appoint the Committee. They need not appoint anyone from this House. We hope that they will appoint only those who possess knowledge from the public point of view, or from the Government point of view, or from the trade point of view. I venture to suggest that the smaller the Committee, the better. I may also suggest to the hon. Minister that 1st February is not too short a date by which the Committee should submit its report. The reason for allowing such a period of time is that they must have some time to make any necessary adjustment between the Government and the district boards with regard to their finances, and that this should take place before the budget next year. If you leave it till the end of the next March, then you will be tempted to postpone it till 1933. It is only fair that the district boards and the Government should know where they are. I therefore do hope that the hon. Minister will accept this resolution as it stands. It commits him to nothing; it commits the House to nothing. Owing to nobody's fault—we cannot blame any single person, either the Minister

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or anybody else—this situation has arisen in regard to one of the most important industries in this Presidency. That ought to be remedied as soon as possible. This resolution suggests the effective means of remedying such a situation, and I hope the House will accept it.”

* The hon. the PRESIDENT:—“Further discussion on this resolution will be resumed after lunch.”

IV.—THE TIRUMALAI-TIRUPATI DEVASTHANAMS BILL—APPOINTMENT OF CHAIRMAN.

* The hon. the PRESIDENT:—“I nominate Rao Bahadur T. A. Ramalingam Chettiyar as the Chairman of the Select Committee regarding the Tirumalai-Tirupati Devasthanams Bill.”

The House then adjourned for lunch.

After Lunch (2-30 p.m.)

III.—RESOLUTIONS ON MATTERS OF GENERAL PUBLIC INTEREST—cont.

(2) COMMITTEE TO ENQUIRE INTO MOTOR VEHICLES TAXATION—cont.

Mr. M. A. MUTHIAH CHETTIYAR:—“I beg to move—

‘that in clause (b) for the words “before February the 1st 1932” the words “before the end of the financial year 1931-32, if possible” be substituted.’

“Sir, my object in moving the amendment is this. I do not want to fetter the hands of the Committee or the Government and ask them to submit their report before 1st February 1932. It may not be possible for them to finish their work before that time which is very short. The object of the Mover of the resolution is that adjustments should be made only in the next financial year. I think it is quite sufficient if we have the report before the end of this financial year. By chance even that may not be possible and that is why I have added the words, ‘if possible’ at the end of my amendment. Anyhow I hope that the Committee to be appointed will be able to deliver their report before the end of this financial year.”

Mr. D. V. NARASIMHASWAMI:—“I second it.”

* The hon. the PRESIDENT:—“The resolution as well as the amendment are for the consideration of the House.”

Mr. ABDUL HAMEED KHAN:—“Sir, I move that the words ‘if possible’ be omitted from the amendment of my Friend, Mr. Muthiah Chettiyar. Is it the object of the Mover of the amendment to shelve this question? If he was really serious about it, he would have tried to see that the report was made ready before the end of the financial year, so that we may consider the question and make suitable arrangements for the next. The House will remember that when the Bill was under consideration some of us were hypnotized into the belief that it would usher in a millennium and that the moment it was passed and tolls were abolished motorists could easily move from one end of the Presidency to another without any let or hindrance.”

* The hon. the PRESIDENT:—“I take it that the hon. Member is speaking on the main resolution also.”

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Mr. ABDUL HAMEED KHAN:—"Yes, Sir. Some hon. Members did not see eye to eye with the hon. Minister and his talented Secretary, Mr. Brown, when they did their best to see this Bill through in the shortest time possible and achieve an object which appeared to them to be a noble one. Also, hon. Members from the mufassal did not realize how the Bill would work in practice. But now that the Bill has been in operation for six or seven months it is clear to everybody what great inconvenience and hardship it has caused not only to the owners of motor vehicles but also to their users. Of course we see that the Bill has realized the other object, namely, that of helping the agriculturists to some extent; but even in their case, many of the agriculturists who have to use motor buses and lorries have been put to much inconvenience as a large number of buses and lorries have gone off the road, being unable to pay the heavy taxes. I hope, now that the working of the Act has proved its defects, hon. Members who voted against us last time will vote with us now and have a Committee appointed to go into the whole question. In this connection let me say that it is not the object of the Mover or any one of us here to put a tax on agriculturists. We cannot say what the Committee will find. But it is clear that the incidence of taxation on motor vehicles is very high and the Bill has failed to achieve the objects which it intended to achieve.

"It may be said that some of my hon. Friends who are interested in the motor trade are responsible for this motion. But it is not they alone who are interested in the matter. We have to consider the fate of many poor people who have lost a lot of money in maintaining motor buses for the service of the public. As Mr. James pointed out, over 700 buses and lorries have gone off the road as they were unable to pay this heavy taxation. There is also the point that as a result of the working of the Act during the first two quarters of the financial year they have not been able to realize even 50 per cent of their anticipated revenue, notwithstanding the extraordinary pains that the officers concerned have taken to see that all the owners of vehicles paid the tax. The low realization is due to the heaviness of the tax. I hope the Government will not put forward the excuse of financial stringency and refuse to accept the resolution. Whatever sum is spent on the Committee to be appointed will be well spent, as they will be able to show the Government ways and means for realizing more revenue under this head. Therefore I have great pleasure in moving my amendment to Mr. Muthiah Chettiay's amendment."

Mr. SAMI VENKATACHALAM CHETTI:—"Sir, I have great pleasure in seconding the motion. Sir, the Government must have by this time realized the awkward situation in which they have placed themselves, the district boards, the owners of vehicles and everyone concerned with this matter. But let me say this in fairness to the hon. Minister that he really is not the author of this Bill; he took it up half-heartedly and had to pilot it in the Council as the representative of Government. He had, against his will, to ride a coach and four against all opposition, however reasonable it appeared to him to be. It would have

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been much better and much of this difficulty would have been avoided if my hon. Friends, the representatives of the Trades Association, the Chambers of Commerce and the European Members had co-operated with us in opposing the Bill then. All these difficulties now pointed out by Messrs. James and Birley were pointed out by us both in the Select Committee and afterwards when the Bill was considered in the Council.

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"I may remind the hon. Minister of his promise to the Council that he would persuade the local bodies to regulate their levy of licence fees in such manner as not to restrict the bus traffic that is going on. Evidently he did not take any steps in that direction. When that statement was made by the hon. Minister, we suggested to him that the present Act might be postponed till he was able to persuade the presidents of local bodies to agree to levy licence fees on some recognized and permanent basis. Evidently he has not been able to do so; nor can I conceive of a time when he would be able to do so. As this is a matter affecting the resources of the local bodies, I am sure that the presidents of these bodies will raise a hue and cry if any encroachment is made upon their revenues. I can conceive of no other way than that of repealing the Act and of restoring the old state of affairs. But when the old state of affairs is restored, it might be considered that the levy of tolls on motor vehicles is a continuous nuisance. If only some workable arrangement could be entered into with local bodies, it is possible that they would be satisfied with a slight increase in the taxation of motor vehicles. But I do not know whether they would be prepared to levy these rates upon carts and incur the displeasure of their immediate electors. Naturally, they would turn their attention towards motor vehicles, because they think that the owner of a motor car or a bus ought to be in a position to pay any amount of taxes. It is quite clear from the figures that have been collected by my hon. Friend, Mr. Luker, that not only private vehicles but also lorries and buses cannot bear this taxation. It would be a piece of great achievement if the Committee that is proposed to be appointed, would be able to suggest some method by which we could reduce the incidence of taxation on motor vehicles, without repealing the Act. I personally do not think that it can be done. But the Government should have no objection to accept this resolution because it helps them to get out of the awkward position in which they have placed themselves. They might as well throw the blame on the Committee if it is not in a position to suggest any course of action for the hon. Minister. People would be satisfied if a study of this question in all its lights is made and if any remedies are suggested to reduce the incidence of heavy taxation on motor vehicles. With these observations I have great pleasure to associate myself with the amendment moved by my hon. Friend."

Mr. M. A. MUTHIAH CHETTIYAR:—"I accept the amendment."

* Sriman M. G. PATNAIK Mahasayo:—"Sir, the Motor Vehicles Taxation Act has not been in force for more than half a year. Now proposals are made to appoint a Committee to examine the working

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of the Act. I think that hardly any time has elapsed to see how it has worked. Therefore it is too soon to appoint a Committee for this purpose. There are many steps that have not yet been taken. From what my hon. Friend, Mr. James, and others said, I see that rules had not been framed under section 11 of the Act. If that had been done, there would have been, I think, no complaints on their part. Mr. James said that certain motor vehicles which work within an estate and never use public roads are taxed, because, under the Act, keeping the motor vehicle is taxable. The hon. Minister promised that he would frame rules exempting such vehicles under section 11 but unfortunately, no such rules have been framed. Without appointing any Committee, we can see what the grievances of the people are, and we can trust the hon. Minister to issue these rules at once so that all these grievances might easily be redressed. That is one point.

“The second point is this; the real crux of the question seems to be that there has been a fall in the income of not only all the local bodies, but also traders and manufacturers.

“The local bodies have to spend much larger sums on roads used by the motor vehicles. Before these heavy motor vehicles were on the road, so much money as is spent now, was not spent at all. I know that several wooden culverts have now to be converted, by local bodies, into stronger bridges; thus they have to spend larger sums than they were doing before. No local body would be affected if the number of vehicles using the roads is reduced. Therefore there ought to be no complaint at all from the local bodies. They were forced to agree to arrangements made under the Act. That Act was intended to see that the income of the boards from the tolls did not increase. That Act was passed, I think, at the instance of the European Members. They wanted to see that the total income of local boards did not rise. Before the Act was passed, the district boards were in a position to have any number of toll-gates they pleased. To the great discomfiture of my European friends, they see that their object failed and that their income has gone down. They see that their profits have decreased; that cannot be helped. Fortunately when this Act was passed, we exempted the agriculturists from this tax. I do not know whether this exemption will continue, because the Government may, at any time, instruct the panchayats and local boards to levy some tax on carts used by agriculturists; we cannot trust Government. My European friends come forward now with great anxiety and solicitude for the local boards. I think the boards will belittle this attempt, because, as I have pointed out, they will not be affected at all.

“There is also another point. The local boards would be opposed to this resolution because their right and discretion are going to be curtailed; they have the right to impose as much licence fee as they like, subject to such control as is prescribed in the Local Boards Act. Why should their discretion be fettered by any legislation and for whose sake is it sought to be done? The number of buses that are using the roads is going down; the local bodies know that their income would be reduced. Why should the Legislature or the Government dictate

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to them about the reduction of the licence fee? They are the people of the locality and they are the representatives of the people; they have the sense and the wisdom to know for themselves whether the licence fee should be as high as it is now or whether it should be reduced. We have got different rates for different localities, because people use their discretion taking into consideration the circumstances of the locality. In these circumstances I do not think that the Legislature would be justified in fettering the discretion of the local bodies in this matter. I hope that every Member who represents local bodies will come forward and oppose this resolution.

“Another ground that was urged for this resolution is that the licence fee should be a nominal fee. The fee may be nominal if there be no work to be carried out. As we all know, much damage is caused to the roads by the heavy traffic. There is no reason why the local bodies should not take this fact into consideration in fixing the licence fee. The local bodies should be compensated. If the number of vehicles using the roads goes down, the boards may reduce the licence fee. If they hope to get larger income by reducing the fee, they will do so.

“Great solicitude is felt for the people. My hon. Friend, Mr. Basheer Ahmed Sayeed, said that people have to wait for a long time for motor buses, because the number of the buses is reduced. We must be glad of it, because poor people cannot afford to pay the fares. If there are very many buses, people will be tempted to get into them. Why should a coolie earning about 4 annas a day, get into a bus for short distances, when time is not very much valuable to him? By travelling in buses, they part with a portion of their poor income. The fare should always be a little higher, so that poor people might avoid the temptation of getting into buses. If a large number of people take to providing bus service, there would be competition by which the bus-owners themselves would be injuriously affected. Some hon. Members say that, at present, a large number of bus-owners suffer on account of the high tax. I think that, even if the licence fee is reduced, they will suffer on account of unhealthy competition. They reduce the fares so low as to tempt people to get into buses. I know that in Ganjam, people are taken from Berhampur to Russelkonda a distance of 50 miles, for 4 annas, because there are a large number of buses. The licence fee they pay, is Rs. 1,600. On account of their own fault of unhealthy competition, they ruin themselves. If a limited number of buses ply, they will not suffer. I therefore think that the cheapening of the licence or the reduction of the tax would not really benefit bus-owners. You must honestly induce poor people
 3 p.m. not to travel in buses for short distances; otherwise, this evil is not worse than toddy-drinking itself.”

* The hon. the PRESIDENT:—“The hon. Member has reached his time-limit.”

* Sriman M. G. PATNAIK Mahasayo:—“There are several people here, I believe, who advocate the use of khaddar. Why should they do so?—Because, they say, in view of the economic condition of the

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people, they advocate the use of khaddar. Well, Sir, what do we find here? If you take into consideration the present economic condition of the people, should you encourage the use of buses? I think nearly 95 per cent of the money collected by way of fares goes to foreign countries from India. Suppose a man raises Rs. 100 by way of fares, nearly Rs. 95 goes to foreign countries. If that is so, is that to be encouraged? I think it should not be encouraged. Therefore, those who advocate the use of khaddar should, on principle, not plead for the use of these buses. (An hon. Member: 'Is it logical?') If you can think logically and speak logically, you must not spread the use of these motor buses. So, I think the resolution should be opposed."

* Mr. M. S. SRESHTA:—"Mr. President, Sir, reference has been made to the chorus of welcome with which this Act was placed on the Statute Book. I am afraid that, at that time, the full effect of the Act was not realized. The Bill was then in the nature of a sugar-coated pill. When the sugar wore away, it was realized that the effect of the Bill was not so salutary as was expected. The sugar was the abolition of the toll-gates and the abolition of the toll-gates was welcomed by every one. It was not realized that the loss of income which followed from the abolition of toll-gates could not be easily made good. I am not, I believe, committing an offence against party loyalty by speaking in favour of the appointment of a Committee. As has been already said, this Bill was not the child of the present Government. It was a legacy and unfortunately, as in similar cases, the value of the legacy was not realized. Perhaps the Government thought the legacy was a very valuable one, and that it was desirable to make full use of that legacy at once. I happened to say, Sir, on the floor of the House at the time, that there was indecent haste in ushering the Bill through; but I found that I was in a very small minority. There was a chorus of welcome, and the only wise people were the Members for the City of Madras like my friend Mr. Basheer Ahmed and Mr. Hameed Khan, and we, Members from the South Kanara district. We said then that the Bill was a very undesirable one; that in any case it should be sufficiently considered before it was passed into law. However, our voices were cries in the wilderness and the Bill has been passed into an Act. But now, instead of there being a chorus of praise all over the country, there is a chorus of disapproval. I do not think it is necessary for me to reiterate all the arguments in favour of the appointment of a Committee. I think the best argument in favour of the appointment of a Committee consists in the facts placed before this House. This Act has not found favour with anybody, the Government, local bodies or the public. The sooner remedies are adopted for getting over the abnoxious provisions of the Act, the better for the country (hear, hear). I think the ordinary principles of taxation were not considered when the Act was passed into law. One of the principles of taxation is that the cost of collection should not be disproportionately heavy. But the cost of collecting this tax is very heavy. A very huge machinery has to be brought into existence to collect this tax. Now, what has the result been? Because such a huge machinery does not exist now, the tax has

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not been fully collected, and it is not possible to collect the tax fully without spending a good deal more than is at present done on super^ovision and similar matters. I think we ought to devise some sort of tax to make good the income which has been lost. Another principle of taxation is that we should give the minimum of annoyance to the tax-payer; but the amount of annoyance that this tax has caused to the tax-payer is enormous. One main cause for the non-collection of taxes is the amount of annoyance caused to tax-payer. I think, therefore, the case has been sufficiently and strongly put before the House to justify the immediate appointment of a Committee. That Committee should consider fully all the aspects of the case, and within the scope of the Committee's powers should be the suggestion of some remedial measures and the suggestion of some other form of taxation to make good the loss which would be incurred if this present Act is not to be continued. At the time the Act was passed, as I said, its full effect was not realised. I am afraid even the bus-owners did not realise, nor did the traders in motor vehicles and accessories, that this would be a great blow to the bus industry and motor trade. I do not propose to speak about the primitive arguments of the gentleman who just spoke before me. I do not think those primitive arguments will appeal to anybody here; I think we know the old fable of killing the goose that laid the golden eggs. This Act, in my opinion, has done a lot of harm to the people, and at this time of depression, at this time when all trades are undergoing great suffering, it is necessary that early steps should be taken to correct the mistake that has been made."

Mr. F. BIRLEY:—"Mr. President, Sir, I beg to state that I accept the amendment proposed by Mr. Muthiah Chettiyar."

* The hon. Diwan Bahadur B. MUNISWAMI NAYUDU:—"Sir, I did expect, on this resolution, a certain amount of criticism of the Motor Vehicles Taxation Act; because I know that even before the Act has been in force for six months, circumstances arose which were bound to confuse the main issue. The feeling then that tolls should go was one that was shared by a very large section, and if after I moved the Bill last year, I was encouraged to proceed with it and to give effect to it this year, it was, Sir, because of the feeling that actuated a large section of the House and also of the Members of the Select Committee that the Act ought to be given effect to on the 1st April 1931. But unfortunately, after the Act came into force, circumstances intervened which have created the present situation.

"One point, however, that I want to bring to the notice of the hon. Members of this Council and of those who spoke about the undesirability or otherwise of this Act is that they have forgotten what effect the present economic distress has had on the bus-trade itself. Sir, I can claim to have some experience and some knowledge of the working of this trade itself; as president of a district board, I have had occasions to deal with the question of giving licences to a number of buses. During a period of nearly seven years, I have watched how the number of buses slowly rose and I have also watched how the licence

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fees also slowly rose year after year. What was the result? In normal years when money was available and people could command credit, the actual number of buses on the roads slowly rose. I may also inform the House that at one stage when a reference was made by a district board to restrict the number of motor buses running on the roads, objection was taken that they should not restrict the number and it was also said that the law did not permit such restriction. The result was that a number of buses had been put on the road, even though the district boards did not like it and there has been so much of competition between them that while they paid large licence fees, they also underbid between themselves and charged very low rates. This year, when they could not keep their credit, the result has been perceptible in two ways. While every year some buses would be condemned and go off the road, there would always be new buses coming in to the road by new purchases made. Unfortunately, this year—I am sure the committee which will go into this matter will certainly find it—the coming in of buses had ceased while the going out of the buses is there; and more buses have gone this year, because the people could not find the necessary credit to meet their charges and liabilities. Therefore, Sir, I say it is too early now to say really whether the Motor Vehicles Taxation Act has led to this effect—as some say—or whether it is only one of the contributory causes and whether therefore when normal conditions return, the Act would not still receive the approbation which it had once received. I may say, Sir, that whatever the opinion of the House may be at the present time, when they really go into the facts, they will be able to find that this Act is not solely responsible for the present situation.

“ Apart from that, Sir, there is another point that is urged; that the licence fees levied by the district boards were heavy, that the general complaint was that they were excessive in certain cases and that the fees should be reduced or standardized as one hon. Member put it. That was of course a specific case put forward when the Bill was on the anvil, and I made it clear then that that could not be tackled immediately but that it should be left to adjust for itself. I expect, Sir, the district boards to be businessmen as every businessman is. The Act has been enforced; within six months they have had their own experience and they should be able to decide for themselves to what extent their licence fees need be reduced. I may inform the House that the amount of licensing fees which the district boards got last year was about Rs. 22 lakhs—not a small sum—and if really as we put it here, the district boards are suffering as a result of driving all these motor buses off the road, the natural effect will be for the district boards themselves to reconsider the position and see to what extent they can reduce their own licence fees—to see that they did not kill the hen that laid the golden eggs. Sir, I do not object to a Committee going into the question and doing the work on their behalf; but I am anxious to make it quite clear that whatever may be your anxiety to see that the licence fees are reduced and more motor buses come in, your anxiety should also be to see that the

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district boards are in a position to find the money wherewith to discharge their legitimate duty of maintaining the roads in good condition. I must state here, that taking the year 1926-27, taking second-class roads alone—over which most of the buses are running—the expenditure on the second-class roads by all the district boards put together was Rs. 50 lakhs; in 1928-29, it went up to Rs. 54 lakhs and in 1930-31 it had reached Rs. 64 lakhs. It will be seen clearly that the district boards have, while receiving income from bus licences, not stinted to spend that money on the roads and make them what they are to-day. If the effect of any Committee's recommendations should be not to take also the interests of the district boards into consideration, but merely to think of putting in more buses on the road by reducing the licence fees, it will be a disastrous thing; and I am sure district boards can have no other way open to them to make up for the loss of income, but to cut down their present expenditure on road maintenance. On the other hand, if it should be necessary to encourage more buses coming on the road, it will, to that extent, be all the more necessary on the part of the district boards to increase their expenditure on the roads, in order to keep them in a fit condition for such increased number of buses. Therefore, Sir, the mere fact that 700 buses have gone off the road cannot be a ground to say that the Act requires revision. After all, it may be a case where owners of buses put on the roads were managing them in an uneconomical manner. I find, Sir, that roughly about 6,000 buses, according to the census of last year, have been licensed to run for hire, and if 700 have gone off the road, we could not say definitely that it is due to this licence fee or tax. It may be due”

3-15 P.M. Mr. F. E. JAMES:—“ May I point out that this figure of 700 relates only to 17 districts? ”

The hon. Diwan Bahadur B. MUNISWAMI NAYUDU:—“ May be.

“ It may be due to the fact that a large number of people who had been quite ready to purchase buses on the hire-purchase system not realizing their responsibility and the fact that they have to repay the whole debt, have become unable to pay; and as a result, many buses have gone out of the road, and those who have been doing the business on the most uneconomical lines have found themselves to be losers. But, whatever it may be, in view of the strong feeling in this House, I am prepared to agree to a Committee being appointed to go into this matter. Some of my friends stated that it was the duty of the Government to bring forward a resolution of this sort, but I may say that the Government have always been conscious of this difficulty; they have taken note of the representations made by various bodies, and they have already moved in that direction. It was intended to collect the whole information for the presidency as quickly as possible and examine the whole question thoroughly. But if you think that the appointment of a Committee is a better remedy, I have no objection, because the Government would have an opportunity to examine the pros and cons of the question and also the Committee's report. And I am glad also that

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the Mover has accepted the amendment for the submission of the report before the end of the financial year, 1931-32; I take it that this amendment has been put forward so that the necessary financial re-adjustments may be made. I do not know what ultimately are going to be the recommendations of the Committee, but, whoever may be on the Committee and whatever may be their personal interests or otherwise in seeing that a particular trade is promoted, I would appeal to them, just as they said that Government should not kill the goose that lays the golden eggs, that they on their part should not kill the hen that lays the golden eggs. Because I say you cannot afford to restrict the activities of the district boards and cripple their finances with which alone they can manage their affairs in a satisfactory manner. I hope that the Committee will consider not only the aspect that the import of buses should not be restricted, but also the desirability of seeing that the district boards get as much money as possible consistently with the running of the buses in the most economical manner. I have therefore no objection to this Committee being appointed."

* The hon. the PRESIDENT.—"I will now put the second amendment to the vote of the House. The question is—

that the words 'if possible' occurring at the end of the first amendment be deleted."

The amendment was carried.

* The hon. the PRESIDENT:—"I will put the first amendment to the vote of the House. The question is—

'that in clause (b) of the resolution for the words "before February the 1st 1932", the words "before the end of the financial year, 1931-32" be substituted.'

The amendment was carried.

* The hon. the PRESIDENT:—"I will now put the resolution as amended to the vote of the House.

"The question is that

'This Council recommends to the Government that a Committee be appointed to study the whole question of the taxation of motor vehicles in the Presidency, with special reference to—

(a) the incidence of the tax under the Madras Motor Vehicles Taxation Act, 1931;

(b) the licence fees levied by local boards and district municipalities; and

further that the Committee be instructed to submit its report before the end of the financial year, 1931-32.'"

The motion was carried.